

more money in 1998, 1999, 2000, and 2001 than they should have. This led most of us to want to get that money off the table so it could not be spent. I supported this because of what I referred to as the three-legged stool: pay down the debt, fiscal responsibility, and tax cuts—the three of them.

On June 7, 2001, the President signed the Economic Growth and Tax Relief Reconciliation Act. I voted for this bill which reduced the individual income tax rates that apply to taxable income, increased the child tax credit to \$1,000, and extended it to smaller families, addressed the marriage penalty, phased out the Federal estate tax over the period 2002 to 2010, provided a temporary reduction in the alternative minimum tax, and provided some savings incentives and childcare credits.

After 9/11, I joined the Centrist Coalition to accelerate these cuts to provide a short-term stimulus to our economy. The House passed this bill, but it stalled in the Senate because of partisan politics.

In 2003, our country was still reeling from September 11, the war against terror, and corporate accounting scandals. We were in recession. We needed additional stimulative medicine. But I fought to ensure that the tax cuts were the right amount. I joined with Senators OLYMPIA SNOWE, JOHN BREAU, and MAX BAUCUS to get the \$350 billion that we passed in 2003.

On May 28, 2003, the President signed the Jobs and Growth Tax Relief Reconciliation Act into law. We accelerated the cuts from the 2001 tax bill, such as the individual income tax cuts, the marginal rates, the child tax credit, the marriage penalty relief, extended the AMT again, and reduced the rate on both dividends and capital gains to 15 percent for higher tax brackets and 5 percent for those in the lower tax brackets for 2003 to 2008.

One of the reasons we said only \$350 billion was that we were concerned about the cost of the war and homeland security. And we were right. Our national defense and homeland security costs have added up to \$2.3 trillion since then.

Since 2003, when we decided to provide accelerated tax cuts, our national defense and homeland security costs have added up to \$2.3 trillion.

Can you imagine where we would have been if the \$1.57 trillion the administration initially proposed or even the \$725 billion tax cut that was being considered at the time by the House of Representatives was actually passed? Just think what our deficit and national debt would be today. The negative consequences of such cuts adding to our national debt would have outweighed any positive stimulus effect.

I said that \$350 billion in tax cuts would be enough to get the economy and the stock market moving then and now, and it worked. In other words, what we did is we front-end loaded that \$350 billion tax cut to really give us some oomph so we would kick this

economy into gear. And it worked. The economy and the stock market have moved.

I can still remember people saying: The market is never going to recover. I heard, several years ago: It is never going to get back to where it was. And the fact is, it has. The Nation's GDP grew by over 4 percent in both 2003 and 2004, and 3.5 percent in 2005, and unemployment has dropped since we enacted tax cuts from 6.6 percent to the current 4.7 percent. And we just announced that in the first quarter of this year, our GDP growth is over 4 percent and more Americans are working. Unfortunately, we are not seeing this in the State of Ohio. We are still under a great deal of duress because of the loss of our manufacturing jobs.

However, the world does not stand still, and we now face different challenges. While this tax cut stimulation worked, making these tax cuts permanent should be subject to pay-go, as Alan Greenspan said, or "serious economic disruptions" will result. We need to cut expenses or pay for them with other tax increases.

Now, let's look at the costs of some of the tax cuts we passed. These are all going to be under consideration, and we will have people saying: We have to extend all of them.

The credit for research and experimentation, that is \$81.2 billion; deduction of State and local sales taxes is \$41.5 billion; increased AMT exemption amount, \$437.5 billion; hurricane relief—I will leave that one alone; subpart F for active financing income, \$45.2 billion; reduced tax rate on repatriated dividends, \$57 billion; section 179 expensing, \$15.9 billion; reduced tax rates on capital gains, \$63.4 billion; empowerment and renewal zones, \$11.7 billion; child tax credit, \$184.8 billion. Let's see. I won't hit them all. Estate and gift tax changes—estate and gift tax changes. Do you hear that? We are talking about killing the death tax? We are talking about \$357 billion—\$357 billion. And the income tax rates of 25, 28, 33, and 35 percent, if we keep those, will cost us \$384.8 billion.

All I am saying is, if you add up all of the things that are going to come to us during the next couple of years, we are talking about—that is that—\$2.353 trillion. Do you hear that? It is \$2.353 trillion. It just does not make sense.

As we see on the chart, according to CBO, the dividend and capital gains tax cuts will result in roughly about \$193.1 billion in revenue loss to the Treasury. If we were to permanently repeal the estate tax—I have already mentioned that. Consider that the alternative minimum tax will cost us \$511 billion. I support recent statements from the White House that AMT should be considered as part of tax reform, but until that happens, we are forced to confront this issue every year.

Everybody is complaining about the AMT. They want the AMT. They want the dividend tax reduction to continue, the capital gains. You name it. They

want it all. And just these tax items on this chart—to repeat—\$2.35 trillion over 10 years. Are we willing to add to our deficit and debt to continue these cuts?

Let's list the numbers again, look at them again: unbalanced budgets since 2001 last year's deficit was \$318 billion; a rising national debt of \$8.4 trillion—and that has increased, as I have said, by 50 percent since 1999—the war on terror has cost us \$450 billion, plus \$160 billion on homeland security since 9/11.

One of the things people do not understand is that Homeland Security has 22 agencies, 180,000 employees. They have doubled the budget of those 22 agencies since 9/11. As a matter of fact, if you look at other money we spent on homeland security, they have actually tripled the budget since that time.

Katrina has cost us over \$100 billion and continues to rise, and the Medicare Part D plan is now projected to cost over \$1 trillion from 2006 to 2015.

With significant unmet domestic needs and the looming cost to the Treasury of the baby boomers' retirement programs—which by conservative estimates from the administration will consume 70 percent of the entire Federal budget by 2030—what kind of economy is lurking around the corner in 2011?

Instead of making the tax cuts permanent, we should be leveling with the American people about the fiscally shaky ground we are on. What we should be doing is spending our time on tax reform. We all know that fundamental tax reform is critical, and as we consider the tax provisions, such as the AMT, as I just mentioned, it becomes clearer and clearer we need to overhaul our Tax Code. So I simply cannot understand why some of my colleagues want to make so many provisions of the current Tax Code permanent or add new tax cuts when we very well may be eliminating precisely the same provisions as part of fundamental tax reform. No homeowner would remodel their kitchen and bathroom right before tearing down the house to build a newer and better one.

As the one who amended and pushed for the creation of the task force on tax reform in 2003 and 2004, I was delighted when the President, in his convention acceptance speech, said he would move forward with tax reform. In fact, 2 days after the convention—Ohio was sitting right in front of the President when he was giving his acceptance speech. He said: When I mentioned tax reform, I watched you, Voinovich. He said: You jumped out of your seat, and I thought you were going to run up and hug me because you were so happy we were going to do the tax reform.

I have to say that I am disappointed. I feel bad that the administration has backed away from tax reform as a priority, since simplifying the Code to make it more fair and honest could, by some estimates, save taxpayers over